October 5, 2011

State of California
Division of Integrated Regional Water Management
Financial Assistance Branch
PO Box 942836
Sacramento, CA 94236

Attn: Mr. Craig Cross

RE: **City of Menifee Response to the IRWM review of City's Proposition 1-E Grant Request**

Dear Mr. Cross:

On behalf of the City of Menifee and our project team members we have attached our response to your agency's review of our Proposition 1-E grant application. We appreciate the diligence you took in reviewing our application. We wanted to highlight some of the items in our response:

1. **Homeland Romoland ADP** is the result of a public-private partnership that the State of California in 2009 determined as the State's most viable, largest job producing, shovel ready project as part of the State's application for ARRA economic recovery funds.

2. **Homeland Romoland ADP** has already completed $28.5 million of the project using publicly expended private funds to plan, design, complete environmental study, and undertake phase one construction. In short, our costs are known, our benefits well acknowledged, and as a result, our proposal contains a great amount of detail that needed further explanation.

3. **We want to acknowledge our agency partners**: Riverside County Flood Control and Water Quality District, Santa Ana Watershed Project Authority , Eastern Municipal Water District (EMWD), Riverside County, Caltrans, City of Perris, City of Canyon Lake, City of Lake Elsinore, Lake Elsinore Municipal Water District, Southern California Edison, Perris Unified School District, Santa Ana Regional Water Quality Control Board, US Army Corps of Engineers, State of California, Department of Fish and Game and the Air Management District. Their support is key to this project's success to date.

Again, we appreciate your time and due diligence on reviewing our responses and we look forward to working with you on this important project and others in the future. If you have any questions, please do not hesitate to call me at the number listed below:

Sincerely,

Don Allison

Don Allison, P.E.
Public Works Director
City of Menifee
Phone: (951) 672-6777

Attachment

Proposal evaluation – Response to Comments
Proposition 1E Integrated Regional Water Management Grant Program
City of Menifee

1. WORK PLAN

A. The criterion is less than full addressed and documentation and rationales are incomplete. The goals and objectives of the Project are presented, but does not relate to how they are consistent with the IRWMP.

The discussion of the relation of the project goals to that of the IRWMP is contained in Attachment 11 of our Proposal (Page 648).

B. Maps are included to show the general location of the Project, but the maps are vague with respect to where the proposed channels alignments, the park , and BMP implementation sites are located with respect to the floodplain (Exhibit I.)

The plans and specifications for all 4 phases of the project are complete and all utility coordination and right-of-way has been obtained. The documents are approved by Riverside County Transportation Department and Riverside County Flood Control and Water Quality District. This was completed prior to the formation of the City of Menifee. Those documents clearly define the exact location of the project. Exhibit I is actually quite accurate in depicting the main facilities and channels included with this funding request. The actual plans, specifications and right-of-way documents can be supplied prior to issuance of any grant for this project.

The plans and specifications for Phases 1, 2 and 3 will be modified to be consistent with this grant request. The requirement for concrete channel lining will be changed to allow for earth lined channels where the velocity of the channel will not create scour. This change will increase infiltration, support vegetation and enhance conditions for wildlife. We also anticipate changing the access roads from aggregate base to soil cement. Soil cement will provide a better surface for hiking, jogging and bicycles.

Both detention basins will be modified with landscaping and trails around the top so that they can be used as open space, recreation and parks.

C. The tasks in the Proposal do not provide sufficient information to explain what is being constructed. For example, Task 9.2.4 states,, "Construct manholes, headwalls, and other structures." Also, the tasks do not explain what phases of the Project they are associated with.

Phase 1 consist mostly of the removal of soil from the two retention basins. The secondary elements are the construction of interconnecting channel, the outlets, access roads (converted to soil cement trails), landscaping, and viewing areas that will be converted to parks.

Most of Phase 2 and 3 consists of channels as described in subtask 9.1 from the Briggs Road Basin east to the bridge under the I-215 Freeway. Phase 4 will be constructed by the Riverside Flood Control and Water Quality District (with local funds) to include improvements to the I-215 crossing and open channel to the San Jacinto River. Subtask 9.2 describes the work for road crossings which consists of box culverts and supporting infrastructure.

D. Finally, the Work Plan did not demonstrate if the phases pursuing funding in the Proposal could operate as a standalone Project. Phases 2, 3 and 4 rely on the detention basins from Phase 1.

Phase 1 has received a $1,000,000 grant from the OWOW program by SAWPA. The formal grant work process will begin in October 2011. The actual work on the project has already commenced in the form of removal of soil from one of the two underground detention basins.

The two detention basins capture and together reduce the downstream peak flow by 75%. They also release the flow at one location greatly facilitating channelizing the flow in the Phase 2 and 3 channel system. Without Phases 2 and 3 the detention basin system would release 25% of the original flow in one location. This would cause local flooding, but not to the extent without the basins. With Phase 1, 2 and 3 constructed the flow would not be channelized after the I-215 bridge and would cause local flooding downstream of the bridge.

The ideal case is to approve this grant request and allow the multiple benefits of this combined project to occur. The local share of this project consists of the completed plans, right-of-way, completed EIR, and completed utility review.

2. ECONOMIC ANALYSIS – BUDGET

A. The Budgets for less than half the projects in the Proposal have detailed cost information as described in Attachment 4. Many of the costs cannot be verified as reasonable, and supporting documentation is lacking for all of the Budget categories described in Exhibit B. The tasks in the Work Plan are categorized according to the Budget categories; however, the Budget is not broken into the specific work tasks.

The construction costs for Phases 2-4 were estimated to be approximately $11.6 million based on the following costs. Firstly, the construction costs for Phases 2 and 3 were estimated to be $7.9 million based on a June 2008 bid (see Exhibit A of Budget) for that portion of the project, adjusted to 2011 levels. Finally, for Phase 4 that will be constructed by the Riverside County Flood Control and Water Conservation District (the "District"), the construction cost was estimated based on the amount committed by the District of $3.6 million.

Consistent with standard practices (ASCE Manual 45), all other costs (a), (e) – (h), were estimated as a percentages of the total construction cost. Specifically, 2% of the construction cost was estimated for Direct Project Administration, 0.5% for Environmental Compliance/ Mitigation/Enhancement, 3% for Construction Administration, 0.5% for Other Costs, and 4% for Construction/Implementation Contingency.

B. The proposal copies the language from the Proposition 1E PSP Exhibit B verbatim, but does not provide the detailed information required. For example, on page 1, Row (a) states that "Detail shall include hourly wage paid by discipline; number of hours to be expended for administration; and costs shown for equipment, or supplies, with back-up data provided." Yet, there was no detailed cost information such as number of hours, job classification, cost per hour, or supplies needed included in this section, or any other section of the Budget.

To date, the project has expended $28.5 million on actual project costs, including completed design, completed EIR (Exhibit C), completed right-of-way purchase, utility coordination, and the grading construction of Phase 1, as well as the undertaking of Phase 4 by project partner RCFC&WCD (Page 64) in accordance with the highest standards for public projects. In short, our cost calculations are not estimates but actually bid prices or reflections from previously incurred project costs. Moving forward we expect the completion cost to be $16,181,233 (Task Budget Summary, Page 72.) We are requesting $8,090,617 which represents $8,090,617/($28,500,000 + $8,090,617) = 22%

C. *The engineer's estimate of probable construction costs is based on a June 2008 bid for Phase 1 adjusted to 2011 construction costs, but it is not clear which items are associated with which phase of the Project.*

The June 2008 bid was conducted for Phases 2 and 3 (not Phase 1), as indicated in Exhibit A of Attachment 4 (Page Number 599.)

3. SCHEDULE

A. The schedule is not entirely consistent and reasonable. The Schedule lists the construction contract award date as December 15, 2011, and the start date of construction as February 9, 2012, but the Work Plan under "Project Timing and Phasing" states that construction is anticipated to begin in April 2012. Thus, it is unclear exactly when the construction will commence. While there is a Task 3 – Reporting in the Schedule, there are no milestones for quarterly reports, and the task is scheduled for 5 days beginning on March 20, 2013.

The "Menifee Schedule" dated Fri 4/8/11 was prepared in Microsoft Project. It assumes that the project begins on 6/1/11. It is currently 10/3/11. The start date will need to be adjusted to the grant award date plus two weeks. The project is completely designed with complete contract documents, EIR, utility reviews and permits. The schedule and the descriptions of the tasks following explain the plan review and changes that will be made to insure that the project is compliant with the IRWMGP and the City's goals for recreational use.

Task 1 and 2 (Direct Project Administration and Labor Compliance Program) are continuous activities throughout the project. Task 3 is Reporting and only includes the final completion report. It should have included monthly progress reports. Task 4 is an assessment of the project which will include modifications of the channel design to remove concrete channel lining where velocity permits (less than 6 fps). This will be done to increase infiltration to the maximum amount possible. It will also include modifications to the detention basins to provide planting to assist in nutrient removal and the addition of soil cement trails into and around these basins for dual use as access roads and community trails. Both basins will include park features including benches, trees, signage and information of the area. The Flood Control Access Roads will be modified to soil cement to provide a better surface for trails for hiking and biking. Trees will be added along the right-of-way. This assessment report will be the model to be used for modifications of the final plans which are currently 100% complete. Task 5 will include a quick review of the plans to include the changes recommended in the Project Assessment Report. This will be followed by what should have been marked as Task 6, "Revise Construction Drawings and Bid Packages to Conform to Grant Funding." This is a 50 working day task of modifying the drawings with delta revisions indicating the changes and additions to the plans and Bid Documents. For instance, the aggregate base on access roads will be changed to be soil cement on the drawings and the bid item changed also to soil cement. That work will be specified in the contract documents. At the completion of this work the delta revisions will be signed by the City Engineer and sent for final approval by the Riverside County Flood Control and Water Quality District and Riverside County Transportation Department. The City will issue Encroachment Permits and will renew the Caltrans Encroachment Permit.

Task 8 is the final modification of the Bid Documents, Advertising, Receipt of Bids, Bid Review, Contract Award and Notice To Proceed. Each step of this task will be shared with the Department of Water Resources Project Representative.

Task 9 will include the construction of the project along with submittal review testing and R-Value determination for pavement thickness. It is expected that this task will take 205 working days. Construction will commence on 2/9/12 (adjusted to the difference between the assumed and actual Project start date.) During this period Task 10, Environmental Compliance, and Task 11, Construction Administration will run currently. All three tasks will complete together on 12/30/12 (which will be adjusted jointly with the Department of Water Resources based upon the assumed start date of 6/1/11.)

B. The task for Final Design seems ambitious in that only one day will be spent verifying each of eleven design components such as the hydrology, flood plain analysis, the channel alignment, utility and road crossings, etc.

The one day through the plans involves making up the areas to be addressed as determined in the Project Assessment Report. All the design is complete. The hydraulic grade line is shown on the plans. All the utilities are shown, all the crossings are designed and road replacement shown. Since the design was complete four years ago there has been no construction in the area since it is in the FEMA A Flood Zone. Following this review there will be 50 working days allotted to revise the plans and bid package. There will be multiple teams working on the project so the time frame can be easily achieved.

4. MONITORING, ASSESSMENT AND PERFORMANCE MEASURES

A. The criterion is less than fully addressed and the documentation or rationales are incomplete or insufficient. There is no discussion about the monitoring system used to verify project performance, nor is there a discussion on how the monitoring data will be used to measure the performance in meeting the goals.

The application in Attachment 6 (page 610) provides 6 performance measures with at least three measurable outcome descriptions and milestones each. Each of these milestones is a result of existing adopted state or local policy; is under application to FEMA as listed in Attachment 6; has been acquired as part of the fully purchased project right-of-way; or has been previously provided by the State of California or other agencies.

Inclusion of Monitoring, Assessment, and Performance measures for project in adopted agency policy For goals b & e in Attachment 6 (top soil erosion & flood control), the application clearly identifies goals, outcomes, and indicators that are additionally addressed in Exhibit H (Page 320) that include the project in the Santa Ana Board regulatory area for Riverside County. The monitoring of this impact, as required by the NPDES (Exhibit H) will be done by the Riverside County Flood Control and Water Conservation District (RCFC&WCD) in accordance with the application, existing practice, and code & regulation. The targets for these goals, as identified in the application, are drawn from the NPDES.

For goals a & f, as outlined in the attachment, and on page 648, the recharge of groundwater is a key component in the established flood control and environmental quality plan for the project area and the 100 year flood plain that will be monitored – as identified in the application and the attachment, by the Eastern Municipal Water District, a supporting agency for the project. The EMWD monitoring technique is identical to its ongoing recharge measurement within its jurisdiction as is also detailed in EMWD 2005 Urban Water Management Plan (Exhibit A – page 73).

FEMA application for performance indicator being prepared A LOMR application to remove the project area from the 100 year flood plan is already under preparation pending the completion of the project. The granting of this application will remove the regional water district operation center and wastewater treatment facility from the floodplain. It is also identified in the accepted final EIR for the entire project that the performance indicator will be reached (Exhibit C- page 222).

Land already acquired right-of-way for performance indicator (Page 63) The collection basins, which are under development as part of Phase 1, upon completion of the entire project will include 70 acres of park land in addition to the three community parks that will be built on land removed from the flood plain (page 284 – table land use).

Assessment measure already provided for project by State of California and regional economic forecasts In 2009, the State of California as part of the ARRA funding request by the state to the federal government accepted the Economic Impact Summary as part of its determination that the Homeland Romoland ADP project was potentially one of the largest shovel ready employment creating projects in the state (Exhibit D, page 276).

This summary goes into great detail the direct and indirect economic impact this project will have numbering into the tens of thousands of jobs and billions in annual economic activity potentially.

B. Project Goal (e) is to provide flood control protection for existing public facilities and property, with the indicator being water levels in the basins, yet the target for this goal is a noticeable increase in groundwater levels near the basins. Furthermore, it is unclear how this goal would be met within the life of the Project due to dependency on large scale storm events

The project is designed to provide ongoing recharge of high quality water into the water table. The basins are not located adjacent to existing public facilities or other developed property for the very purpose of allowing for timely recharge, and hence an increase, in groundwater levels without saturating developed land. The project right of way was specifically planned, purchased, had completed environmental and economic study and is now under Phase One development specifically to be able to provide flood control, environmental quality improvement and positive economic development by capturing and keeping surface water flow away from facilities.

The project has been found by regulating agencies (as outlined by the application in multiple sections including the NPDES (page 320), (page 648) and the map on page 625 to end the threat of the 100 year flood plain. While recharge occurs within the flood control system, it does not rely exclusively on major events, as has been detailed on page 648.

C. Some of the measurement tools and methods could have included more information. For example, Goal (a) is "Capture and Convey up to 1,785 acre-feet of annual rainfall flows (100 year frequency storm)." The measurement tools and methods for this goal are "Depth gauges at road crossings." It explains the measurement tool but not the method of measurement involved with determining if the Project achieved goal (a).

The amount of recharge and the tools to measure success towards this goal were created in accordance with West San Jacinto Groundwater Management Plan adopted 2008 Groundwater Management Annual Report (Exhibit J page 561), Eastern Municipal Water District 2005 Urban Water Management Plan (Exhibit A), and the Project's Adopted Final EIR (Exhibit C). The recharge will occur in the two detention basins and along the 40,000 feet of earthen channel from the basins to the San Jacinto River.

5. ECONOMIC ANALYSIS – FLOOD DAMAGE REDUCTION AND WATER SUPPLY BENEFITS

A. High levels of Flood Damage Reduction and Water Supply benefits can be realized through this proposal; however, the quality of the analysis is partially lacking and/or supporting documentation is partially unsubstantiated. In particular, there is no formal flood depth analysis that would support the assumption of 1 foot of depth. Assumed damages per structure from stormwater events are also unverifiable. Total Net Present Value of costs is $12.67 million. Flood damage reduction benefits claimed are $92.85 million.

The Flood Damage Reduction analysis was prepared using the FEMA maps for the area (included as part of Exhibit I, Page 624), as well as information from the Master Drainage Plan (the "MDP") (see Exhibit E of the Work Plan). In particular, the MDP describes the effects of the 2, 10, and 100-year storm events and identifies possible flood depths of up to 2-3 feet for the 10-year, and up to 5 feet for the 100-year event. For purposes of estimating the damages per structure, an average flood depth of one (1) foot was used, and was deemed both conservative and reasonable considering the scenarios identified in the MDP. The damages incurred per home were estimated using publications by FEMA (www.floodsmart.gov). Moreover, the damages incurred by non-residential property and agricultural land were estimated by the City of Menifee, based on the existing development in the area and the Ethanac Corridor Planning Group Summary Booklet (previously provided to DWR, Page 277).

6. ECONOMIC ANALYSIS – WATER QUALITY AND OTHER EXPECTED BENEFITS

A. Average levels of Water Quality and Other Benefits can be realized through this proposal; however, the quality of the analysis is partially lacking and/or supporting documentation is partially unsubstantiated.

The project includes two very large detention basins capable of attenuating the Q100 storm event to 700 cfs and to remove the Homeland/Romoland area from the FEMA flood plain (11,319 acres). The two detention basins are at the upper end of the alluvial flood plain. They will intercept 80% of the major flows, debris and sediment (up to 500,000 tons per year). The basins will be deep and designed for infiltration into the ground water. They will retain 530 acre-feet of storage. The 43,000 linear feet of interconnecting trapezoidal, earthen channel will also be designed for infiltration. The groundwater recharge will significantly improve this groundwater basin which is used by EMWD for its primary water source for the cities of Hemet and Menifee. In removing the flood waters from the vast flood plain and channelizing it, less pollutants are collected from farm, industrial and residential property. The storm water is discharged into the San Jacinto River which flows into Canyon Lake, a water supply lake owned and operated by EVMWD. This lake is under a TMDL program to reduce pollutants. This project will have a significant effect on the achievement of the program's goals. EMWD's report on the ground water basin is included in this submittal. The annual water supply benefits are included in Table 15 (Page 636) in the Menifee submittal (discounted benefits of $5,655,087.)

The project will intercept and reduce a significant amount of sediment now eroding the farmlands within the flood plain and depositing the material in the San Jacinto River and eventually Canyon Lake. This sediment reduces the storage of Canyon Lake and the depth of the water. Canyon Lake is experiencing water quality issues which the Canyon lake/Lake Elsinore TMDL Task Force is addressing. This project will remove a major source of nutrients and silt from Canyon Lake. The Task Force documentation identifies the San Jacinto River as a major source of pollutants.

Removal of the 11,319 acres from the flood plain will allow the construction of commercial and industrial facilities providing jobs for the area along with the ability to also provide a significant amount of affordable housing. The area is near shopping areas, recreational facilities and major freeways.

Maps of the parks and trails are included in the Master Drainage Plan included in the City's submittal. Note that the Line A Channel is shown on the map and it provides a significant portion of the trail system through the Romoland/Homeland area all the way to the San Jacinto River. The trail along both banks of Line A will be of soil cement which will be hard enough for vehicles, bicycles and joggers. There will be local connectors to Line A as development occurs and they will all be conditioned to modify the access ramps as soil cement trails. This will add a north-south element to the system.

7. PROGRAM PREFERENCES

A. The Proposal demonstrates a limited degree of certainty that the Program Preferences claimed can be achieved, and lacks thorough documentation for the breadth and magnitude of the Program Preferences to be implemented.

The application's responses to the stated Program Preferences in IRWM Guidelines discussed in the application's Attachment 11 are constructed in accordance with the Final EIR for the Project (Exhibit C, Page 223); and, the Economic Summary (Exhibit D, Page 277).

Regional Projects or programs: Nearly every agency involved in land use planning , water resource management, flood control, storm water, transportation, or economic development is a partner or a party to this project (over 16 agencies in all ranging from state, to regional, to county, to local Page 11) because it answers regional needs as identified in the 2005 EMWD Urban Water Management Plan (Exhibit A), 2008 West

San Jacinto Groundwater Annual Report, and the 2009 Economic Impact Study (Exhibit D), the Homeland/Romoland Watershed Master Drainage Plan (Exhibit E, Page 292), and the California Regional Water Quality Control Board Waste Discharge Requirements (Exhibit G, Page 312).

Effectively integrate water management Programs within a hydrology region ...: The project handles several of the key issues of environmental quality improvement and local supply creation in the Western San Jacinto portion of the Santa Ana Watershed as seen by the Program Preferences portion of the application being constructed in accordance with the 2008 West San Jacinto Groundwater Annual Report; and the California Regional Water Quality Control Board Waste Discharge Requirements (Exhibit G, Page 312).

Effectively resolve significant water-related conflicts within or between regions: Traditionally, many of the agencies that are supporting this application and completion of this project have been competitive with each other on water and most local resources. They support this application because it is the solution that ties together regional solutions for specific problems that has also attracted significant private investment ($28.5 million to date) (Exhibit E). In addition, because it creates a significant local recharge component it will help complete the Cal Fed Delta program as well.

Contribute to Attainment of CALFED Bay-Delta Program: By creating a locally based source for 1,785 acre feet of water, this project will be a major local source of water that will help attain the stated supply goals of CALFED as discussed in Exhibits A, B, D, & G.

Address critical water supply or water quality needs...: By removing over 500,000 lbs of silt and debris from the San Jacinto and by association larger Santa Ana watershed, communities in need stretching from the 215 corridor in mid Riverside County through Central Orange County will be able to benefit from increases in source water quality (Exhibit J - Appendix B West San Jacinto Groundwater Management Plan, Page 562).

Effectively Integrate Water Management with land use planning: As the accepted bids for the project, the Environmental Impact Report, the map of purchased right of way, and the Economic Impact Study, and the agencies that have reviewed, participated, and support each of these documents prove is this project creates an effective model for how effective water management can improve land use. By placing developed property away from collection basins, using access points for thoughtful trail system access, and basin development to support development of parks (Exhibit A, D) the entire community will be brought together, enjoy incredible opportunity because of a thriving multi-use corridor of commercial, retail, and higher density transit oriented development while being able to commute without cars along an interconnected trail system.

Statewide Priorities: As the EIR and Economic Study discuss thoroughly, by producing local sources of water, removing the sediment flow from the San Jacinto and eventually the Santa Ana watershed, and helping create higher density economic and residential opportunities to support transit and alternative transportation, this project touches several well established statewide planning and development opportunities (All Exhibits).